

Message Text

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72

ACTION EB-11

INFO OCT-01 EUR-25 ISO-00 COA-02 AGR-20 CEA-02 CIAE-00

COME-00 FRB-02 H-03 INR-10 INT-08 L-03 LAB-06 NSAE-00

NSC-10 PA-03 RSC-01 AID-20 CIEP-02 SS-15 STR-08

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R 261709Z SEP 73

FM AMEMBASSY REYKJAVIK

TO SECSTATE WASHDC 3998

INFO AMEMBASSY MOSCOW

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E.O. 11652: N/A

TAGS: EFIS ETRD IC UR

SUBJECT: SOVIET DEMAND FOR ICELANDIC FISH

1. DURING CONVERSATION WITH EMBOFF, HEAD OF ICELAND'S SECOND LARGEST FISH PRODUCING AND EXPORTING FIRM SAID RUSSIANS HAD TENTATIVELY OFFERED TO PURCHASE WHATEVER AMOUNT OF FROZEN FISH ICELAND WAS WILLING TO SELL BEFORE THE END OF 1973. ICELANDERS, WHOSE STOCKS ARE AT PRESENT LOW, OFFERED ONLY 1,000 TONS, AND AT CURRENT WORLD PRICES, WELL ABOVE PRICE ESTABLISHED AT BEGINNING OF THIS YEAR ON EXPORTS TO USSR. ICELANDERS ARE AWAITING REPLY FROM RUSSIANS.

2. SAME SOURCE SAID FEELING HERE WAS THAT RUSSIANS ARE FACING CONTINUED FOOD SHORTAGES AND NEED ALL THE FISH THEY CAN GET. INCREASING US DEMAND FOR FISH WAS OPENING NEW MARKET FOR POLLOCK AND OCEAN PERCH, TWO VARIETIES PREVIOUSLY SOLD MAINLY TO RUSSIANS, AND WILL PRESENT INTERESTING PROBLEMS FOR RUSSIANS WHEN NEGOTIATIONS ON 1974 SALES ARE HELD IN DEC OR JAN. CONCEIVABLY, HE SAID, ICELAND COULD HAVE VERY LITTLE IT

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WAS WILLING TO SELL THE RUSSIANS.

3. WHILE ICELAND'S EXPORTS THROUGH JULY 31 WERE UP 64 PERCENT OVER 1972, EXPORTS TO SOVIET UNION DECLINED BY 24 PERCENT IN SAME PERIOD REFLECTING INCREASING ATTRACTIVENESS OF ALTERNATIVE MARKETS FOR FISH PRODUCTS. ABOUT 75 PERCENT OF ICELANDIC EXPORTS TO USSR ARE FISH PRODUCTS, REMAINDER LARGELY WOOLEN BLANKETS AND SWEATERS. CHANGE IN EXPORT PICTURE COUPLED WITH MUCH HIGHER PRICES ON SOVIET PETROLEUM HAVE CREATED SIZEABLE ICELANDIC TRADE DEFICIT WITH RUSSIANS, ON ORDER OF \$6.7 MILLION FOR FIRST SEVEN MONTHS. WHILE SOVIETS ARE UNLIKELY TO PRESS FOR SETTLEMENT AT THIS TIME, PRESENT TREND SEEMS LIKELY TO CONTINUE, AND IT WILL BE INTERESTING TO SEE WHAT STEP EITHER COUNTRY EVENTUALLY TAKES TO CORRECT IMBALANCE.

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Message Attributes

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Disposition Authority: golinofr
Disposition Case Number: n/a
Disposition Comment: 25 YEAR REVIEW
Disposition Date: 28 MAY 2004
Disposition Event:
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